

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 PA-02 PRS-01 USIA-15

AEC-07 AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 RSC-01 SAM-01 OES-05 SP-02 SS-15 STR-04

TRSE-00 FRB-01 /117 W

----- 070907

R 061402Z JAN 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 2163

INFO AMEMBASSY ALGIERS

AMEMBASSY ABU DHABI

AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY VIENNA

USINT BAGHDAD

UNCLAS BEIRUT 0155

E.O. 11652: N/A

TAGS: ENRG, AG, IZ, LY, SA, TU

SUBJECT: MED OIL PRICES REPORTED REDUCED

SUMMARY: RELIABLE BEIRUT TRADE JOURNAL REPORTS THAT  
FOUR GOVERNMENTS HAVE REDUCED SELLING PRICE THEIR  
MEDITERRANEAN CRUDES EFFECTIVE JAN 1 BY 30-50 CENTS PER  
BARREL. ONE-YEAR DROP (FROM 1ST QTR 1974) VARIES FROM  
14 TO 26 PER CENT. SAUDI CRUDE VIA TAPLINE APPARENTLY  
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NOT RPT NOT AFFECTED; REMAINS OVERPRICED. END SUMMARY.

1. AUTHORITATIVE BEIRUT WEEKLY MIDDLE EAST ECONOMIC SURVEY (MEES) JAN 3 REPORTS THAT MOST MEDITERRANEAN CRUDE OIL "CONTRACT PRICES" HAVE BEEN REDUCED BY 30-50 CENTS PER BARREL EFFECTIVE JAN 1 BY GOVERNMENTS CONCERNED. AS ADDRESSEES AWARE, MED CRUDES HAVE FOR YEAR OR MORE BEEN OVERPRICED IN RELATION GULF CRUDES, RESULTING IN STEEP PRODUCTION DECLINES DURING 1974 AFTER WORLD CRUDE AND TANKER SURPLUS DEVELOPED. MEES SAID OIL CIRCLES REGARD NEW PRICES AS MORE REALISTIC UNDER CURRENT MARKET CONDITIONS, ADDING THAT IN LIBYA, COMBINATION OF LIFTING OF EMBARGO ON US SALES AND LOWER PRICES APPARENTLY HAS CAUSED OPERATING COMPANIES TO BUY BACK ENTIRE LARG SHARE OF PRODUCTION FROM BREGA, ZUETINA, SIDER AND BU ATTIFEL FIELDS. PRICE DETAILS, PER BARREL, FOLLOW.

2. ALGERIA: NEW PRICES ARE \$12.20 FOR COMPANIES NOT RPT NOT MAKING EXPLORATION INVESTMENTS AND \$12 FOR THOSE MAKING SUCH INVESTMENTS. THIS DOWN FROM \$12.50-12.30 4TH QTR., \$13.20-13 3RD QTR., \$14.20-14 1ST AND 2ND QTRS. REPRESENTS ONE-YEAR DROP OF ABOUT 14 PER CENT.

3. IRAQ: NEW KIRKUK PRICE AT MED IS \$11.20, DOWN FROM \$11.50 3RD AND 4TH QTRS., \$12.20 2ND QTR. (NO 1ST QTR. PRICE EVER PUBLISHED BUT ACCORDING INFORMED SOURCES ASKING PRICE DURING QTR SLID FROM \$20 TO ABOUT \$13, FOR ONE-YEAR DROP OF ROUGHLY 14 PER CENT.) ALSO, MEES REPORTED THAT BASRAH PRICE NOW \$10.50 OR ABOUT 93 PER CENT "ABU DHABI POSTING" VS. PREVIOUS \$10.86. IRAQI PRICES INCLUDE 60 DAYS CREDIT.

4. LIBYA: NEW DIRECT-SALE GOVERNMENT CRUDE PRICE IS \$11.86, APPARENTLY FOR ALL GRADES, VS. \$12.-12.50 4TH QTR., \$12.75-13.30 MAY-SEPT, \$14.50-180 APRIL, \$16 1ST QTR. ONE-YEAR DROP IS 26 PER CENT.

5. TUNISIA: GOVERNMENT PRICE FOR 42-DEGREE ZARZAITINE MIX NOW \$12, NO EARLIER PRICES GIVEN.

6. TAPLINE NOT MENTIONED BY MEES ARTICLE. BEIRUT OFFICE UNCLASSIFIED

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KNOWS OF NO RPT NO RPT NO FISCAL CHANGES RECENTLY, REPORTS THROUGHPUT DOWN TO TRICLE. AS FAR AS IS KNOWN, TAPLINE STILL ON POSTED PRICE-TAX PAID COST SYSTEM. POSTED PRICE ITS 34-DEGREE CRUDE IS \$13.65. EMBASSY STIMATES TAS-PAID COST AT \$11.57 UNDER ABU DHABI FORMULA, USING OPERATING COSTS OF ROUGHLY 50 CENTS. IF ESTIMATE CLOSE, TAPLINE WILL REMAIN OVERPRICED VS. 36-DEGREE IRAQI CRUDE AT MED.

COMMENT: QUESTIONED, MEES STAFFER SAID HE BELIEVES NEW  
PRICES BASED ON GULF PRICES AND INCORPORATE GOVERNMENTS'  
VIEWS THEIR QUALITY AND FREIGHT PREMIUM ENTITLEMENTS,  
ALTHOUGH MEES REPORTED EARLIER THESE WOULD BE DISCUSSED  
BY OPEC JAN 24 IN ALGIERS (BEIRUT 15053, PARA 5). NOT  
RPT NOT CLEAR WHETHER NEW PRICES APPLY EXISTING CONTRACTS  
OR NEW CONTRACTS; THIS PROBABLY VARIES. MEES WRITER  
BELIEVES "CONTRACT PRICE" IS HARD AND FAST SELLING PRICE.  
GODLEY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM PRODUCTION, PRICES  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
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**Disposition History:** n/a  
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**Secure:** OPEN  
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**TAGS:** ENRG, AG, IZ, LY, SA, TU  
**To:** STATE  
**Type:** TE  
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